

**TRUMP TAJ MAHAL ASSOCIATES, LLC
QUARTERLY REPORT**

FOR THE QUARTER ENDED DECEMBER 31, 2006

**SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

TRUMP TAJ MAHAL ASSOCIATES, LLC

BALANCE SHEETS

AS OF DECEMBER 31, 2006 AND 2005

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$44,462	\$52,457
2	Short-Term Investments.....			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2006, \$6,068; 2005, \$5,946).....		29,799	22,987
4	Inventories		3,581	4,299
5	Other Current Assets.....		5,003	4,542
6	Total Current Assets.....		82,845	84,285
7	Investments, Advances, and Receivables.....		22,739	18,472
8	Property and Equipment - Gross.....	3	855,698	786,159
9	Less: Accumulated Depreciation and Amortization.....	3	(51,206)	(18,606)
10	Property and Equipment - Net.....	3	804,492	767,553
11	Other Assets.....	4	189,182	194,879
12	Total Assets.....		\$1,099,258	\$1,065,189
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$12,116	\$9,060
14	Notes Payable.....			
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....			
16	External.....	5	5,496	12,821
17	Income Taxes Payable and Accrued.....	6	9,286	7,239
18	Other Accrued Expenses.....	8	41,192	21,856
19	Other Current Liabilities.....		20,204	13,929
20	Total Current Liabilities.....		88,294	64,905
	Long-Term Debt:			
21	Due to Affiliates.....	5	564,327	575,000
22	External.....	5	769	6,185
23	Deferred Credits			
24	Other Liabilities.....		17,203	17,611
25	Commitments and Contingencies.....	13		
26	Total Liabilities.....		670,593	663,701
27	Stockholders', Partners', or Proprietor's Equity.....		428,665	401,488
28	Total Liabilities and Equity.....		\$1,099,258	\$1,065,189

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	Revenue:			
1	Casino.....		\$525,437	\$512,741
2	Rooms.....		35,691	32,852
3	Food and Beverage.....		57,712	54,387
4	Other.....		21,583	17,620
5	Total Revenue.....		640,423	617,600
6	Less: Promotional Allowances.....		137,773	139,897
7	Net Revenue.....		502,650	477,703
	Costs and Expenses:			
8	Cost of Goods and Services.....		292,995	290,550
9	Selling, General, and Administrative.....		83,459	73,107
10	Provision for Doubtful Accounts.....		2,757	378
11	Total Costs and Expenses.....		379,211	364,035
12	Gross Operating Profit.....		123,439	113,668
13	Depreciation and Amortization.....		33,932	38,552
	Charges from Affiliates Other than Interest:			
14	Management Fees.....			
15	Other.....	9	6,836	5,441
16	Income (Loss) from Operations.....		82,671	69,675
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	5, 7	(48,777)	(66,804)
18	Interest Expense - External.....	5	(1,867)	(2,999)
19	CRDA Related Income (Expense) - Net.....	13	(2,222)	(2,167)
20	Nonoperating Income (Expense) - Net.....	10	1,996	105,896
21	Total Other Income (Expenses).....		(50,870)	33,926
22	Income (Loss) Before Taxes and Extraordinary Items.....		31,801	103,601
23	Provision (Credit) for Income Taxes.....	6	2,638	4,592
24	Income (Loss) Before Extraordinary Items.....		29,163	99,009
25	Extraordinary Items (Net of Income Taxes - 2006, \$0; 2005, \$0).....	11		143,353
26	Net Income (Loss).....		\$29,163	\$242,362

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	Revenue:			
1	Casino.....		\$123,956	\$126,603
2	Rooms.....		8,863	8,348
3	Food and Beverage.....		13,744	12,919
4	Other.....		4,404	3,427
5	Total Revenue.....		150,967	151,297
6	Less: Promotional Allowances.....		31,364	32,561
7	Net Revenue.....		119,603	118,736
	Costs and Expenses:			
8	Cost of Goods and Services.....		68,894	72,239
9	Selling, General, and Administrative.....		21,493	19,466
10	Provision for Doubtful Accounts.....		878	670
11	Total Costs and Expenses.....		91,265	92,375
12	Gross Operating Profit.....		28,338	26,361
13	Depreciation and Amortization.....		7,989	8,319
	Charges from Affiliates Other than Interest:			
14	Management Fees.....			
15	Other.....	9	1,875	1,304
16	Income (Loss) from Operations.....		18,474	16,738
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	5, 7	(11,887)	(12,267)
18	Interest Expense - External.....	5	(121)	(919)
19	CRDA Related Income (Expense) - Net.....	13	(520)	(540)
20	Nonoperating Income (Expense) - Net.....	10	537	551
21	Total Other Income (Expenses).....		(11,991)	(13,175)
22	Income (Loss) Before Taxes and Extraordinary Items.....		6,483	3,563
23	Provision (Credit) for Income Taxes.....	6	(242)	2,656
24	Income (Loss) Before Extraordinary Items.....		6,725	907
25	Extraordinary Items (Net of Income Taxes - 2006, \$0; 2005, \$0).....			
26	Net Income (Loss).....		\$6,725	\$907

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRUMP TAJ MAHAL ASSOCIATES, LLC STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2004.....		\$39,342	(\$82,562)		(\$43,220)
2	Net Income (Loss) - 2005.....			242,362		242,362
3	Capital Contributions.....					0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....		(28,331)			(28,331)
6	Prior Period Adjustments.....					0
7	Capitalization on May 19		405,923			405,923
8	Restrictive Stock Awards		25			25
9	Less: May 19 Balance		(31,563)	(143,708)		(175,271)
10	Balance, December 31, 2005.....		385,396	16,092	0	401,488
11	Net Income (Loss) - 2006.....			29,163		29,163
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....	9	(2,080)			(2,080)
15	Prior Period Adjustments.....					0
16	Restrictive Stock Awards	9	94			94
17						0
18						0
19	Balance, December 31, 2006.....		\$383,410	\$45,255	\$0	\$428,665

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$87,264	\$66,812
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment.....		(63,731)	(25,751)
5	Proceeds from Disposition of Property and Equipment.....			1,538
6	CRDA Obligations		(6,662)	(6,413)
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities.....		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities.....		(70,393)	(30,626)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt			
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....		(12,786)	(11,507)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21	Partnership Distribution		(2,080)	(25,327)
22	Payments to settle inter-company debt		(10,000)	
23	Net Cash Provided (Used) By Financing Activities.....		(24,866)	(36,834)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(7,995)	(648)
25	Cash and Cash Equivalents at Beginning of Period.....		52,457	53,105
26	Cash and Cash Equivalents at End of Period.....		\$44,462	\$52,457
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$30,750	\$42,684
28	Income Taxes.....		\$175	\$350

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRUMP TAJ MAHAL ASSOCIATES, LLC

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2005

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$29,163	\$242,362
30	Depreciation and Amortization of Property and Equipment.....		33,932	38,552
31	Amortization of Other Assets.....		735	453
32	Amortization of Debt Discount or Premium.....			
33	Deferred Income Taxes - Current		417	
34	Deferred Income Taxes - Noncurrent			
35	(Gain) Loss on Disposition of Property and Equipment.....			
36	(Gain) Loss on CRDA-Related Obligations.....		2,222	2,167
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks		(6,812)	(6,484)
39	(Increase) Decrease in Inventories		718	466
40	(Increase) Decrease in Other Current Assets.....		(905)	336
41	(Increase) Decrease in Other Assets.....		2,865	2,136
42	Increase (Decrease) in Accounts Payable.....		(2,009)	(1,231)
43	Increase (Decrease) in Other Current Liabilities		26,915	35,925
44	Increase (Decrease) in Other Liabilities		36	
45	Other / Reorganization Expense	2.7	(107)	(104,517)
46	Restrictive Stock Awards / Gain Debt Extinguis.....	2.7	94	(143,353)
47	Net Cash Provided (Used) By Operating Activities.....		\$87,264	\$66,812

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$63,776)	(\$26,813)
49	Less: Capital Lease Obligations Incurred.....		45	1,062
50	Cash Outflows for Property and Equipment.....		(\$63,731)	(\$25,751)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....			
52	Goodwill Acquired.....			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed.....			
55	Issuance of Stock or Capital Invested.....			
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.....		\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....		0	0
59	Consideration in Acquisition of Business Entities.....		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRUMP TAJ MAHAL ASSOCIATES, LLC
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	289,547	\$23,282		
2	Food	1,618,211	26,239		
3	Beverage	6,753,521	11,322		
4	Travel			86,100	9,778
5	Bus Program Cash	557,198	8,807		
6	Other Cash Complimentaries	1,375,883	64,319		
7	Entertainment	17,578	1,783	17,565	2,025
8	Retail & Non-Cash Gifts			112,736	7,774
9	Parking				
10	Other	36,333	2,021	72,840	2,730
11	Total	10,648,271	\$137,773	289,241	\$22,307

FOR THE THREE MONTHS ENDED DECEMBER 31, 2006

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	69,505	\$5,458		
2	Food	349,451	6,090		
3	Beverage	1,700,339	2,854		
4	Travel			19,886	2,136
5	Bus Program Cash	120,379	1,892		
6	Other Cash Complimentaries	303,011	14,279		
7	Entertainment	3,129	264	2,986	603
8	Retail & Non-Cash Gifts			29,755	1,721
9	Parking				
10	Other	11,776	527	22,607	632
11	Total	2,557,590	\$31,364	75,234	\$5,092

**TRUMP TAJ MAHAL ASSOCIATES, LLC
STATEMENT OF CONFORMITY,
ACCURACY, AND COMPLIANCE**

FOR THE QUARTER ENDED DECEMBER 31, 2006

1. I have examined this Quarterly Report
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

30-Mar-07

Date



James L. Wright

Director of Finance

Title

003507-11

License Number

On Behalf of:

TRUMP TAJ MAHAL ASSOCIATES, LLC

Casino Licensee

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Unaudited)
(In Thousands)

NOTE 1 - GENERAL

Organization and Operations

Trump Taj Mahal Associates LLC ("Taj Associates" or the "Company"), a New Jersey Limited Liability Corporation is 100% beneficially owned by Trump Entertainment Resorts Holdings, L.P. ("TER Holdings," formerly known as Trump Hotels & Casino Resorts Holdings, L.P. ("THCR")), a Delaware Limited Partnership. Trump Entertainment Resorts, Inc. ("TER," formerly known as Trump Hotels & Casino Resorts, Inc.), a Delaware corporation, currently beneficially owns an approximate 76.5% profits interest in TER Holdings, as both a general and limited partner, and Donald J. Trump ("Mr. Trump") owns directly and indirectly an approximately 23.5% profits interest in TER Holdings, as a limited partner.

Taj Associates owns and operates the Trump Taj Mahal Casino Resort (the "Taj Mahal"), an Atlantic City, New Jersey hotel, casino and convention center complex. Taj Associates derives its revenue from casino operations, room rental, food and beverage sales, and entertainment revenue. The casino industry in Atlantic City is seasonal in nature with the peak season being the spring and summer months.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reorganization and Emergence from Chapter 11

On November 21, 2004, Trump Hotels & Casino Resorts, Inc. and its subsidiaries, including the Company (collectively the "Debtors") filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court"), as part of a pre-arranged plan of reorganization. While in bankruptcy, the Debtors continued to manage their properties and operate their businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court.

On April 5, 2005, the Bankruptcy Court entered an order confirming the Second Amended and Restated Joint Plan of Reorganization, dated as of March 30, 2005, of the Debtors, as amended (the "Plan"). The Plan became effective on May 20, 2005 (the "Effective Date"), at which time all material conditions to the Plan were satisfied and the Debtors emerged from Chapter 11.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the rules and regulations of the Casino Control Commission of the State of New Jersey (the "CCC").

From the filing of the Debtors' Chapter 11 petition to the Effective Date, THCR and its subsidiaries operated as debtors-in-possession under the jurisdiction of the Bankruptcy Court. Accordingly, Taj Associates' financial statements for periods prior to its emergence from Chapter 11, were prepared in accordance with the American Institute of Certified Public Accountants Statement of Position 90-7, "Financial Reporting by Entities in Reorganization under the Bankruptcy Code" ("SOP 90-7"). SOP 90-7 also required separate reporting of certain expenses relating to the Debtors' Chapter 11 filings as reorganization items.

Upon emergence from Chapter 11, the Company adopted fresh-start reporting in accordance with SOP 90-7. Under fresh-start reporting, a new entity was deemed to have been created for financial reporting purposes and the recorded amounts of assets and liabilities were adjusted to reflect their estimated fair values. The term, "Predecessor Company" refers to the Company for periods prior to and including May 19, 2005, and the term "Reorganized Company" refers to the Company for periods on and subsequent to May 20, 2005.

As a result of the adoption of fresh-start reporting, the Reorganized Company's post-emergence financial statements are generally not comparable with the financial statements of the Predecessor Company prior to its emergence from bankruptcy. Due to the adoption of fresh-start reporting, the Predecessor and Reorganized Company financial statements are prepared on different bases. See Note 7 for a condensed balance sheet showing the impact of fresh-start accounting at May 20, 2005.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Unaudited)
(In Thousands)

Financial Reporting Under the Bankruptcy Code

From November 21, 2004 to May 19, 2005, the Company accounted for its operations under SOP 90-7. In accordance with SOP 90-7, certain expenses incurred and benefits realized by the Company during the bankruptcy period were recorded as reorganization income (expenses) in the accompanying statements of income. Reorganization expenses include professional fees and other expenses directly associated with the bankruptcy process and the revaluation of assets and liabilities in accordance with the adoption of fresh-start reporting.

The following table summarizes reorganization income (expense):

	<u>For the year ended December 31, 2005</u>
Professional fees and expenses	\$ (30)
Net fresh-start reorganization gain	<u>104,517</u>
	<u>\$ 104,487</u>

The Company's parent company incurred transaction fees associated with the refinancing which were recorded as reorganization expense of the parent company. Such fees have not been charged to the Company.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers cash and all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Revenue Recognition and Allowance for Doubtful Accounts

The majority of our revenue is derived from gaming activities. As our gaming revenues are primarily generated from cash transactions, our revenues do not typically require the use of estimates. Gaming revenues represent the difference between amounts of gaming wins and losses. Revenues from hotel and other services are recognized at the time the related services are performed. The Company extends credit on a discretionary basis to certain qualified patrons. Credit limits are established for approved casino customers following investigations of creditworthiness. The Company maintains an allowance for doubtful accounts based on a specific review of customer accounts as well as a review of the history of write-offs of returned markers. Management believes that the reserve recorded is reasonable; however, these estimates could change based on the actual collection experience with each returned marker.

Promotional Allowances

The retail value of accommodations, food, beverage, and other services provided to patrons without charge is included in revenue and deducted as promotional allowances. The estimated costs of providing such promotional allowances are included in costs of goods and services in the accompanying statements of income and consist of the following:

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Unaudited)
(In Thousands)

	Years Ended December 31,	
	2006	2005
Rooms	\$ 10,640	\$ 12,263
Food and Beverage	35,272	33,508
Other	6,262	3,376
	\$ 52,174	\$ 49,147

Cash discounts based upon a negotiated amount with each affected patron are recognized as promotional allowances on the date the related revenue is recorded. Cash-back program awards based upon earning points for future redemption that are given to patrons are accrued as the patron earns the points. The amount is recorded as promotional allowances in the statements of income.

Taj Associates offers other incentive programs. These programs include gift giveaways and other promotional programs. Management elects the type of gift and the person to whom it will be offered. Since these awards are not cash awards, Taj Associates records them as costs of goods and services in the statements of income. Such amounts are expensed on the date the award is utilized by the patron.

Gaming Taxes

The Atlantic City Casinos are required to pay an annual tax of 8.0% on their gross casino revenues. Taj Associates gross revenue tax was \$42,369 and \$41,586 for the years ended December 31, 2006 and 2005, respectively, and is included on the accompanying statements of income.

Inventories

Inventories of provisions and supplies are carried at the lower of cost (weighted average) or market value.

Property and Equipment

The carrying value of property and equipment acquired prior to May 20, 2005 is based on its allocation of reorganization value and is being depreciated on the straight-line method using rates based on the estimated remaining useful lives. Property and equipment acquired on or after May 20, 2005, is recorded at cost. Property and equipment is depreciated on the straight-line method using rates based on the estimated annual useful lives as follows:

Buildings and building improvements	40 years
Furniture, fixtures and equipment	3 - 10 years
Leasehold improvements	40 years or remaining life of lease

Depreciation expense includes amortization of assets under capital lease obligations.

Capitalized Interest

The Company capitalizes interest for associated borrowing costs of construction projects. Capitalization of interest ceases when the asset is substantially complete and ready for its intended use. Interest capitalized during the year ended December 31, 2006 was \$745.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Unaudited)
(In Thousands)

Long-Lived Assets

When events or circumstances indicate that the carrying amount of long-lived assets to be held and used might not be recoverable, the expected future undiscounted cash flows from the assets is estimated and compared with the carrying amount of the assets. If the sum of the estimated undiscounted cash flows was less than the carrying amount of the assets, an impairment loss would be recorded. The impairment loss would be measured by comparing the fair value of the assets with their carrying amount. Long-lived assets that are held for disposal are reported at the lower of the assets' carrying amount or fair value less costs related to the assets' disposition.

Deferred Financing Costs

Financing costs, including underwriters' discounts and direct transactional fees (including accounting, legal and printing), associated with the issuance of debt have been capitalized as deferred financing costs in the accompanying balance sheets and are being amortized to interest expense over the terms of the related debt.

Intangible Assets

Intangible assets are amortized over their estimated useful lives. Our trademarks have indefinite lives and are subject to impairment testing at least annually.

Goodwill

Goodwill represents our reorganization value in excess of amounts allocable to identifiable assets. Goodwill is subject to impairment testing at least annually.

Self-Insurance Reserves

Self-insurance reserves represent the estimated amounts of uninsured claims related to employee health medical costs, workers' compensation and personal injury claims that have occurred in the normal course of business. These reserves are established by management based upon specific review of open claims, with consideration of incurred but not reported claims as of the balance sheet date. The costs of the ultimate disposition of these claims may differ from these reserve amounts.

Stock-based Compensation

Effective May 20, 2005, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"). SFAS 123R requires the fair value of equity awards for new awards and previously granted awards that are not yet fully vested on the adoption date to be recognized in the financial statements. Compensation expense is recognized on a straight-line basis over the vesting period for awards granted to employees of the Company by TER.

Our Predecessor Company followed the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations in accounting for its stock-based compensation awards. Under APB 25, no compensation expense was reflected in net income as all stock options granted had an exercise price equal to the market value of the underlying common stock on the date of grant.

Advertising Expense

Taj Associates expenses advertising costs as they are incurred. Advertising expense was \$4,191 and \$2,947 for the years ended December 31, 2006 and 2005, respectively.

Reclassifications

Certain reclassifications and disclosures have been made to prior year financial statements to conform to the current year presentation.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Unaudited)
(In Thousands)

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31,	
	2006	2005
Land and land improvements	\$ 195,956	\$ 195,956
Buildings and building improvements	565,363	542,666
Furniture, fixtures and equipment	62,134	43,620
Construction-in-progress	32,245	3,917
Total	855,698	786,159
Less: accumulated depreciation and amortization (Note 7)	(51,206)	(18,606)
Net property and equipment	\$ 804,492	\$ 767,553

NOTE 4 – INTANGIBLE ASSETS AND GOODWILL

Intangible assets consist of the following:

	As of December 31, 2006			As of December 31, 2005		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-Lived Intangible Assets:						
Goodwill	\$ 92,981	\$ —	\$ 92,981	\$ 94,072	\$ —	\$ 94,072
Trademarks	\$ 81,000	\$ —	\$ 81,000	\$ 81,000	\$ —	\$ 81,000
Other Intangible Assets:						
Customer relationships (weighted average useful life – 7 years)	\$ 7,000	\$ (1,616)	\$ 5,384	\$ 7,000	\$ (615)	\$ 6,385
Leasehold interests (weighted average useful life – 1.6 years)	466	(466)	—	466	(288)	178
Total other intangible assets	\$ 7,466	\$ (2,082)	\$ 5,384	\$ 7,466	\$ (903)	\$ 6,563

These intangible assets were recorded at May 20, 2005, as a part of our fresh-start reporting, see Note 7. The Company recorded amortization expense of \$1,179 for the year ended December 31, 2006 and \$903 for the period May 20, 2005 through December 31, 2005.

Future amortization expense of our amortizable intangible assets for the next five fiscal years is expected to be as follows:

2007	\$	1,000
2008		1,000
2009		1,000
2010		1,000
2011		1,000

A rollforward of goodwill for the period from May 20, 2005 to December 31, 2006 is as follows:

Balance, May 20, 2005	\$ 98,040
Non-cash charge in lieu of income taxes	(2,495)
Other	(1,473)
Balance December 31, 2005	94,072
Non-cash charge in lieu of income taxes	(417)
Adjustment to reflect undistributed Note Payable	(674)
Balance, December 31, 2006	\$ 92,981

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Unaudited)
(In Thousands)

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of:

	December 31,	
	2006	2005
8.5% Note payable - TER and TER Funding, due June 1, 2015, interest payable semi-annually due June and December	\$ 564,327	\$ 575,000
Capital lease obligations - interest rates at 4.43% to 11.25%, secured by equipment financed	<u>6,265</u>	<u>19,006</u>
	<u>570,592</u>	<u>594,006</u>
Less: current maturities	<u>(5,496)</u>	<u>(12,821)</u>
Long-term debt, net of current maturities	<u><u>\$ 565,096</u></u>	<u><u>\$ 581,185</u></u>

8.5% Note Payable

In May 2005, TER Holdings and Trump Entertainment Resorts Funding, Inc., a wholly owned subsidiary of TER Holdings, (collectively, "the Issuers"), issued \$1,250,000 principal amount of 8.5% Senior Secured Notes due June 1, 2015 (the "TER Notes"). From the proceeds of the issuance of the TER Notes, TER Holdings loaned \$575,000 to Taj Associates. Under the terms of the Debtors' reorganization plan, any of the TER Notes issued to the Plan's disbursing agent and not distributed would revert to TER. During 2006, undistributed amounts included \$1,038 in TER Notes. In connection with this matter, the undistributed TER Notes were retired and Taj Associates' Note Payable was reduced by \$674. During the year ended December 31, 2006, Taj Associates repaid \$10,000 of the 8.5% Note Payable. Included in accrued interest at December 31, 2006 is \$15,043 payable to TER Holdings.

As of December 31, 2006, long-term debt and capital lease obligations mature as follows:

	Long-Term Debt	Capital Lease Obligations	Total
2007	\$ —	\$ 5,827	\$ 5,827
2008	—	770	770
2009	—	15	15
2010	—	—	—
2011	564,327	—	564,327
Thereafter	—	—	—
Total minimum payments	<u>564,327</u>	<u>6,612</u>	<u>570,939</u>
Less: amount representing interest	<u>—</u>	<u>(347)</u>	<u>(347)</u>
Total value of principal payments	<u><u>\$ 564,327</u></u>	<u><u>\$ 6,265</u></u>	<u><u>\$ 570,592</u></u>

Guarantees

The Company, along with Plaza Associates and Marina Associates, guarantees TER Holdings' and TER Funding's \$500,000 Credit Facility and TER Notes on a joint and several basis. The Credit Facility is secured by substantially all of the assets of the Issuers and Taj Associates on a priority basis. Therefore, the TER Notes and the guarantee thereof are effectively subordinated to amounts borrowed by TER under the Credit Facility. At December 31, 2006, TER had outstanding borrowings of \$147,750 and \$1,248,962 under the Credit Facility and the TER Notes, respectively. The Credit Facility includes a \$150,000 Term Loan which is restricted for use to fund the Company's new hotel tower.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Unaudited)
(In Thousands)

NOTE 6 - INCOME TAXES

Federal Income Taxes

The accompanying financial statements do not include a provision for federal income taxes since the Predecessor Company was a partnership for federal income tax purposes and the Reorganized Company is a division of TER Holdings, which is taxed as a partnership for federal income tax purposes. Therefore, the Predecessor Company's income and losses are allocated and reported for federal income tax purposes by its partners and the Reorganized Company's income and losses are allocated and reported for federal income tax purposes by TER Holdings' partners.

State Income Taxes

Under the New Jersey Casino Control Act, Taj Associates is required to file New Jersey corporation business tax returns. As of December 31, 2006, Taj Associates has state net operating loss carryforwards of approximately \$39,500 available to offset future taxable income. The New Jersey state net operating loss carry forwards expire from 2007 through 2012.

The Predecessor Company's net operating losses utilized to offset taxable income of the Reorganized Company will be recorded in the provision for income taxes as a non-cash charge in lieu of taxes and as a reduction to goodwill, if available, and additional paid-in-capital to the extent goodwill would be reduced to zero.

The state income tax provision attributable to income from operations before income taxes is as follows:

	Year Ended December 31,	
	2006	2005
Current expense	\$ 2,221	\$ 2,097
Deferred expense	—	—
Non-cash charge in lieu of taxes	417	2,495
	\$ 2,638	\$ 4,592

The non-cash charge in lieu of income taxes represents the utilization of pre-organization tax benefits that are reflected as a reduction to goodwill.

The tax effects of significant temporary differences representing deferred tax assets and liabilities, subject to valuation allowances are as follows:

	December 31,	
	2006	2005
Deferred tax assets:		
Accruals and prepayments	\$ 6,140	\$ 5,079
Net operating loss carryforwards	3,555	9,410
	9,695	14,489
Less: Valuation allowance	(8,229)	(10,749)
	1,466	3,740
Deferred tax liabilities:		
Basis difference on property and equipment, net	(10,238)	(11,916)
Trademarks and other	(7,775)	(8,371)
	(18,013)	(20,287)
Net deferred income tax liability	\$ (16,547)	\$ (16,547)

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Unaudited)
(In Thousands)

Taj Associates is currently involved in an examination with the Internal Revenue Service (the "IRS") concerning Taj Associates' federal partnership income tax return for the tax years 2002 and 2004. While any adjustment which results from this examination could affect Taj Associates' state income tax return, Taj Associates does not believe that adjustments, if any, will have a material adverse effect on its financial condition or results of operations.

State income taxes for Taj Associates' New Jersey operations are computed under the alternative minimum assessment method. Taj Associates believes it is exempt from these taxes and, as such, has not remitted payments of the amounts provided. The New Jersey Division of Taxation has issued an assessment to collect the unpaid taxes for the tax years 2002 and 2003. At December 31, 2006 and 2005, Taj Associates has accrued \$11,113 and \$8,202, respectively, for taxes and interest relating to this alternative minimum tax assessment for 2002 and 2003, as well as the open years 2004 through 2006. Taj Associates is currently in discussions with the New Jersey Division of Taxation.

Recently Issued Accounting Pronouncements.

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes," which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company does not expect that the adoption of FIN 48 will have a material effect on its financial statements.

NOTE 7 - FRESH-START REPORTING

TER and its subsidiaries adopted fresh-start reporting upon its emergence from Chapter 11 on the Effective Date in accordance with SOP 90-7. TER and its subsidiaries are required to apply the fresh-start provisions of SOP 90-7 to its financial statements because (i) the reorganization value of the assets of the emerging entity immediately before the date of confirmation was less than the total of all post-petition liabilities and allowed claims and (ii) the holders of existing voting shares of THCR Common Stock immediately before confirmation (i.e., the holders of shares of the common stock of the Predecessor Company (the "Old Common Stock") that were issued and outstanding prior to the commencement of the Chapter 11 proceedings) received less than 50 percent of the voting shares of the emerging entity. Under SOP 90-7, application of fresh-start reporting is required on the date on which the plan of reorganization is confirmed by a bankruptcy court, but SOP 90-7 further provides that fresh-start reporting should not be applied until all material conditions are satisfied. All material conditions to the Plan were satisfied as of May 20, 2005.

Fresh-start reporting requires that the Company adjust the historical cost of its assets and liabilities to their fair value as determined by the reorganization value of the Company as set forth in the Plan. Furthermore, the reorganization value must be allocated among the reorganized entity's net assets in conformity with procedures specified by Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" ("SFAS 141"). TER had engaged an independent appraiser to assist TER in the allocation of reorganization value under the Plan to TER's assets and liabilities including Taj Associates. The Company used the independent appraiser's analysis and other information to make the allocations as of the Effective Date. The Company's intangibles include trademarks (including a perpetual, exclusive royalty-free license of the "Trump" name and certain derivatives thereof, subject to certain terms and conditions), customer relationships, goodwill and leasehold interests.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Unaudited)
(In Thousands)

The adoption of fresh-start reporting resulted in the following adjustments to the Company's balance sheet as of May 20, 2005:

	<u>Predecessor Company May 20, 2005</u>	<u>Reorganization of Debt and Equity (1)</u>	<u>Fresh Start Adjustments (2)</u>	<u>Reorganized Company May 20, 2005</u>
	(In thousands)			
Assets				
Current Assets:				
Cash and cash equivalents	\$ 43,496	\$ —	\$ —	\$ 43,496
Accounts receivable, net	19,467	—	—	19,467
Other current assets	12,134	—	837	12,971
Total current assets	<u>75,097</u>	<u>—</u>	<u>837</u>	<u>75,934</u>
Property and equipment, net	821,800	—	(49,356)	772,444
Other assets	24,435	—	7,346	31,781
Intangible assets	—	—	186,506	186,506
TOTAL ASSETS	<u>\$ 921,332</u>	<u>\$ —</u>	<u>\$ 145,333</u>	<u>\$ 1,066,665</u>
LIABILITIES AND EQUITY (DEFICIT)				
CURRENT LIABILITIES:				
Current maturities of long-term debt	\$ 12,449	\$ —	\$ —	\$ 12,449
Accounts Payable and accrued expenses	42,724	—	—	42,724
Due to affiliates, net	47	—	—	47
Accrued interest payable	89,102	(89,102)	—	—
TOTAL CURRENT LIABILITIES	<u>144,322</u>	<u>(89,102)</u>	<u>—</u>	<u>55,220</u>
NON-CURRENT LIABILITIES				
Long-term debt, net of current maturities	849,489	(261,750)	—	587,739
Deferred income taxes	—	—	17,383	17,383
Other long-term liabilities	400	—	—	400
TOTAL LIABILITIES	<u>994,211</u>	<u>(350,852)</u>	<u>17,383</u>	<u>660,742</u>
PARTNERS'/OWNER'S EQUITY (DEFICIT)				
Predecessor Company	(72,879)	72,879	—	—
Reorganized Company	—	277,973	127,950	405,923
Total partners'/owner's equity (deficit)	<u>(72,879)</u>	<u>350,852</u>	<u>127,950</u>	<u>405,923</u>
TOTAL LIABILITIES AND PARTNERS'/OWNER'S EQUITY (DEFICIT)	<u>\$ 921,332</u>	<u>\$ —</u>	<u>\$ 145,333</u>	<u>\$ 1,066,665</u>

- (1) To record the reorganization of debt and equity in accordance with the Plan, including the discharge of pre-petition liabilities comprised principally of \$261,750 of Trump Atlantic City First Mortgage Notes (the "TAC Notes") and \$89,102 of accrued interest thereon.
- (2) To adjust the carrying value of assets, liabilities and partners'/owner's equity to fair value, and record the Reorganized Company other intangible assets in accordance with the fresh-start reporting requirements of SOP 90-7.

Accordingly, the Company recorded the following as intangible and other assets at May 20, 2005:

Trademarks	\$ 81,000
Customer Relationships	7,000
Goodwill	98,040
Leasehold Interests	466
Total	<u>\$ 186,506</u>
Deferred financing costs	<u>\$ 7,346</u>

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
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(Unaudited)
(In Thousands)

Customer relationships and leasehold interests are being amortized on a straight-line basis over seven years and one year, respectively. Amortization expense is included in depreciation and amortization in the accompanying statements of income. Deferred financing costs are being amortized on a straight-line basis over ten years. The trademarks and goodwill have indefinite lives; accordingly, are not subject to periodic amortization but are reviewed annually for impairment.

Net reorganization fresh-start gain as of May 20, 2005 consisted of the following:

Net gain resulting from reorganization of debt and equity	\$	143,353
Net gain resulting from fresh-start value adjustments to assets and liabilities		104,517
Net fresh-start reorganization gain	\$	<u>247,870</u>

The extraordinary gain from reorganization of debt relates to the settlement of long-term debt at an amount less than the historical recorded value. This gain resulted from the bankruptcy recapitalization and as such was unusual and infrequent in nature. The net gain has been reflected as an extraordinary gain pursuant to Accounting Principles Board Number 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," and Financial Standards Board Statement Number 145, "Rescission of FASB Statements No. 4, 41, and 62, Amendment of FASB Statement No. 13, and Technical Corrections."

NOTE 8 - OTHER ACCRUED EXPENSES

	December 31,	
	2006	2005
Accrued interest	\$ 20,867	\$ 963
Accrued advertising/marketing	1,480	1,352
Accrued payroll & related	12,670	12,901
Accrued CRDA obligation	1,555	1,602
Gaming tax payable	1,181	1,135
Other **	3,439	3,903
Total	\$ <u>41,192</u>	\$ <u>21,856</u>

** None of the individual components of Other exceed 5% of the total.

NOTE 9 - TRANSACTIONS WITH AFFILIATES

Taj Associates has engaged in certain transactions with Mr. Trump and entities that are wholly or partially owned by Mr. Trump. Amounts receivable/(payable) at December 31 are as follows:

	December 31,	
	2006	2005
Marina Associates	\$ 139	\$ (167)
Plaza Associates	(152)	(67)
Trump Administration	(5,262)	(1,402)
Trump Entertainment Resorts	(1,575)	—
	\$ <u>(6,850)</u>	\$ <u>(1,636)</u>

Taj Associates engages in various transactions with the other Atlantic City hotel/casinos and related casino entities that are affiliates of Mr. Trump. These transactions are charged at cost or normal selling price in the case of retail items and include certain shared professional fees, insurance and payroll costs as well as complimentary services offered to customers.

TRUMP TAJ MAHAL ASSOCIATES, LLC
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(Unaudited)
(In Thousands)

Trump Taj Mahal Associates Administration, a separate division of Taj Associates (“Trump Administration”) provides certain shared services for Taj Associates, Plaza Associates and Marina Associates. Trump Administration allocated and was re-imbursed expenses associated with such services totaling \$15,036 and \$14,088 for the years ended December 31, 2006 and 2005, respectively.

During September 2006, TER amended the Right of First Offer Agreement (“ROFO Agreement”) with Trump Organization, LLC. The amended ROFO agreement pertains to construction projects greater than \$35,000. Under the terms of the amended ROFO Agreement Taj Associates paid \$1,051 including minimum monthly fees of \$350 and cost saving commissions of \$701, to Trump Organization, LLC during the year ended December 31, 2006. These amounts were capitalized as part of the construction costs of the Taj Mahal’s Hotel Tower.

Taj Associates made distributions to TER Holdings totaling \$2,080 and \$28,331 during the years ended December 31, 2006 and 2005, respectively. During the year ended December 31, 2005 TER Holdings made capital contributions to Taj Associates totaling \$10,286.

Taj Associates utilizes certain facilities owned by Mr. Trump to entertain high-end customers. Management believes that the ability to utilize these facilities has enhanced Taj Associates’ revenues. Taj Associates incurred approximately \$7 and \$26 during the years ended December 31, 2006 and 2005, respectively, for customer costs associated with such utilization. In addition, in exchange for having Mr. Trump’s plane available to customers of the Taj Mahal, Taj Associates has incurred pilot costs of approximately \$59 for the year ended December 31, 2005. There were no such costs incurred during the year ended December 31, 2006.

During October 2005, TER awarded 10,000 restricted shares of TER common stock to an employee of Taj Associates with a grant date fair value of \$176. The restricted shares vest in 3,333 share increments on September 30, 2006, 2007 and 2008. As of December 31, 2006, the remaining unrecognized compensation expense for the nonvested restricted stock to be recognized over the remaining contractual life was \$57.

NOTE 10 - NON-OPERATING INCOME (EXPENSE)

Non-operating income (expense) for the years ended December 31, 2006 and 2005 consists of:

	<u>2006</u>	<u>2005</u>
Interest income	\$ 1,996	\$ 1,409
Reorganization income	<u>—</u>	<u>104,487</u>
	<u>\$ 1,996</u>	<u>\$ 105,896</u>

See Notes 2 and 7 for additional disclosure and discussion.

NOTE 11 – EXTRAORDINARY GAIN ON EXTINGUISHMENT OF DEBT

The extraordinary gain on extinguishment of debt for the year ended December 31, 2005 was comprised of:

	<u>2005</u>
Cancellation of TAC Notes payable	\$ 89,024
Cancellation of accrued interest on TAC Notes	<u>54,329</u>
	<u>\$ 143,353</u>

See Notes 2 and 8 for additional disclosure and discussion.

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments included in current assets and current liabilities approximate their fair values because of their short-term nature. The carrying amounts of CRDA bonds and deposits approximate their fair values as a result of allowances established to give effect to below-market interest rates.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Unaudited)
(In Thousands)

The carrying amount and estimated fair value of our remaining financial instruments at December 31, is as follows:

	2006		2005	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt	\$ 564,327	\$ 561,505	\$ 575,000	\$ 560,625

The fair value of the Note Payable is based on quoted market prices on the TER Notes as of December 31, 2006 and 2005. The estimate fair value of capital lease obligations approximates carrying value.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Operating Leases

Taj Associates has entered into leases for certain property, advertising billboards and various equipment under operating leases. Rent expense for the years ended December 31, 2006 and 2005 was \$4,940 and \$5,190, respectively.

Future minimum lease payments under noncancellable operating leases as of December 31, 2006 are as follows:

2007	\$	5,301
2008		3,879
2009		3,799
2010		3,913
2011		1,233
Thereafter		C
	\$	18,125

Certain of these leases contain options to purchase the leased properties at various prices throughout the leased terms.

Construction Commitments

At December 31, 2006, the Company has outstanding construction commitments of approximately \$250,000 relating primarily to a new 786-room hotel tower.

Coastal Area Facilities Review Act Agreement

Taj Associates received a permit under the Coastal Area Facilities Review Act (ACAFRA®) which included a condition of Taj Associates' casino license that initially required Taj Associates to begin construction of certain improvements on the Steel Pier by October 1992. Such improvements were to be completed within 18 months of commencement. In March 1993, Taj Associates obtained a modification of its CAFRA permit providing for the extension of the required commencement and completion dates of the improvements to the Steel Pier for one year, which has been renewed annually based upon an interim use of the Steel Pier as an amusement park.

Casino License Renewal

The Company is subject to regulation and licensing by the New Jersey Casino Control Commission (the "CCC"). The Company's casino license must be renewed periodically, is not transferable, is dependent upon the financial stability of the Company and can be revoked at any time. Due to the uncertainty of any license renewal application, there can be no assurance that the license will be renewed.

In June 2003, the CCC renewed the Company's license to operate the Taj Mahal for the next four year period through June 25, 2007. Upon revocation, suspension for more than 120 days, or failure to renew the casino license, the Casino Control Act provides for the mandatory appointment of a conservator to take possession of the hotel and casino's business and property, subject to all valid liens, claims and encumbrances.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Unaudited)
(In Thousands)

Legal Proceedings

Taj Associates and certain of its employees are involved from time to time in various legal proceedings incidental to the Company's business. While any proceeding or litigation contains an element of uncertainty, management believes that the final outcomes of these matters are not likely to have a material adverse effect on the Company's results of operations or financial condition. In general, the Company has agreed to indemnify such persons, and its directors, against any and all losses, claims, damages, expenses (including reasonable costs, disbursements and counsel fees) and liabilities (including amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties) incurred by them in said legal proceedings absent a showing of such persons' gross negligence or malfeasance.

Casino Reinvestment Development Authority Obligations

Pursuant to the provisions of the Casino Control Act, Taj Associates must either obtain investment tax credits, as defined in the Casino Control Act, in an amount equivalent to 1.25% of its gross casino revenues, as defined in the Casino Control Act, or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by making qualified investments, as defined, or by depositing funds which may be converted to bonds by the Casino Reinvestment Development Authority (the "CRDA"), both of which bear interest at two-thirds of market rates resulting in a fair value lower than cost. Taj Associates is required to make quarterly deposits with the CRDA to satisfy its investment obligations.

For the years ended December 31, 2006 and 2005, Taj Associates charged to operations \$2,222 and \$2,167 respectively, to give effect to the below market interest rates associated with CRDA deposits and bonds. From time to time, Taj Associates has elected to donate funds it has on deposit with the CRDA for various projects. Taj Associates is not obligated to make donations to any specific project and elects to donate funds based on the specific facts of each potential donation transaction.

CRDA investments reflected on the accompanying balance sheets are comprised of the following:

	December 31,	
	2006	2005
CRDA deposits, net of valuation allowance of \$10,399 and \$8,269, respectively.	\$ 20,433	\$ 16,173
CRDA bonds, net of valuation allowance of \$1,335 and \$1,332, respectively.	2,306	2,299
	\$ 22,739	\$ 18,472

NJSEA Subsidy Agreement

On April 12, 2004, the twelve Atlantic City casino properties, including Taj Associates, executed an agreement (the "NJSEA Subsidy Agreement") with the New Jersey Sports & Exposition Authority ("NJSEA") and the Casino Reinvestment Development Authority (CRDA). The NJSEA Subsidy Agreement provides that the casinos, pro rata according to their gross revenues, shall: (1) pay \$34,000 to the NJSEA in cash in four yearly payments through October 15, 2007 and donate \$52,000 to the NJSEA from the regular payment of their CRDA obligations for use by the NJSEA through 2008 to enhance purses, fund breeders awards and establish account wagering at New Jersey horse racing tracks; and (2) donate \$10,000 from the regular payment of their CRDA obligations for use by the CRDA as grants to such other North Jersey projects as the CRDA shall determine. The donation of \$62,000 of CRDA obligations was conditioned upon the timely enactment and funding of the Casino Expansion Fund Act, which was enacted effective August 25, 2004 and established the Atlantic City Expansion Fund. The Casino Expansion Fund Act further identifies the casino hotel room occupancy fee as its funding source and directs the CRDA to provide the fund with \$62,000 and make that amount available, on a pro rata basis, to each casino licensee for investment. By statute, as amended as of January 26, 2005, such funds shall be invested in eligible projects in Atlantic City which, if approved by the CRDA by August 25, 2006, add hotel rooms, retail, dining or non-gaming entertainment venues or other non-gaming amenities including, in certain circumstances, parking spaces or, if approved thereafter, additional hotel rooms. Taj Associates has estimated its portion of the industry obligation at approximately 10.4%.

TRUMP TAJ MAHAL ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
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(Unaudited)
(In Thousands)

The NJSEA Subsidy Agreement further provides for a moratorium until January 2009 on the conduct of casino gaming at any New Jersey racetrack (unless casinos controlling a majority of the hotel rooms operated by the casinos in Atlantic City otherwise agree). Violation of the moratorium terminates the NJSEA Subsidy Agreement and all further payment obligations to the NJSEA and requires the NJSEA to return all undistributed cash to the casinos and the CRDA to return all undistributed donated investment alternative tax obligation payments to the casinos.

NOTE 14 – EMPLOYEE BENEFIT PLANS

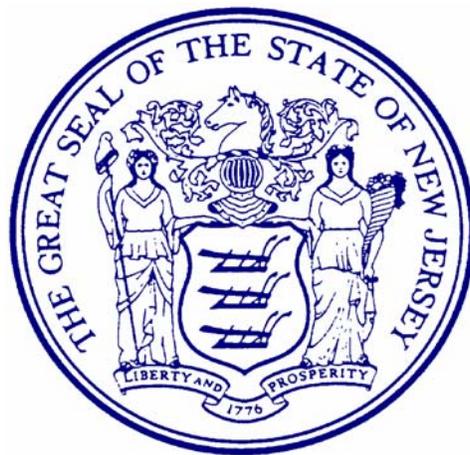
Taj Associates participates in a retirement savings plan, the 401(k) Plan, for its nonunion employees under Section 401(k) of the Internal Revenue Code. A portion of participant contributions are matched on an annual basis in accordance with the 401(k) Plan. Matching contributions under the 401(k) Plan were \$1,645 and \$1,707 for the years ended December 31, 2006 and 2005, respectively.

Taj Associates makes payments to various trustee multi-employer pension plans under industry-wide union agreements. The payments are based on the hours worked by, or gross wages paid to, covered employees. Under the Employee Retirement Income Security Act, Taj Associates may be liable for its share of the plans' unfunded liabilities, if any, if the plans are terminated or if the Company withdraws from participating in such plans. Pension expense charged to operations was \$3,579 and \$3,294 for the years ended December 31, 2006 and 2005, respectively.

**TRUMP TAJ MAHAL CASINO RESORT
ANNUAL FILINGS**

FOR THE YEAR ENDED DECEMBER 31, 2006

**SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

TRUMP TAJ MAHAL CASINO RESORT
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
FOR THE YEAR ENDED DECEMBER 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	Description (b)	Account Balance (c)	Allowance (d)	Accounts Receivable (Net of Allowance) (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$17,365		
2	Returned Patrons' Checks.....	13,046		
3	Total Patrons' Checks.....	30,411	\$5,827	\$24,584
4	Hotel Receivables.....	2,654	241	\$2,413
	Other Receivables:			
5	Receivables Due from Officers and Employees....			
6	Receivables Due from Affiliates.....			
7	Other Accounts and Notes Receivables.....	2,802		
8	Total Other Receivables.....	2,802		\$2,802
9	Totals (Form CCC-205).....	\$35,867	\$6,068	\$29,799

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$14,686
11	Counter Checks Issued.....	375,053
12	Checks Redeemed Prior to Deposit.....	(272,718)
13	Checks Collected Through Deposits.....	(80,249)
14	Checks Transferred to Returned Checks.....	(19,407)
15	Other Adjustments.....	
16	Ending Balance.....	\$17,365
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$2,643
19	Provision as a Percent of Counter Checks Issued.....	0.7%

TRUMP TAJ MAHAL CASINO RESORT EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2006

(\$ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO:				
1	Table and Other Games	1,216			
2	Slot Machines	148			
3	Administration	14			
4	Casino Accounting	242			
5	Simulcasting	10			
6	Other	11			
7	Total - Casino	1,641	\$41,470	\$207	\$41,677
8	ROOMS	307	8,034	179	8,213
9	FOOD AND BEVERAGE	1,101	25,075	0	25,075
10	GUEST ENTERTAINMENT	202	2,910	72	2,982
11	MARKETING	153	7,350	245	7,595
12	OPERATION AND MAINTENANCE	301	12,080	0	12,080
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	2	42	569	611
14	Accounting and Auditing	115	3,782	204	3,986
15	Security	244	7,263	0	7,263
16	Other Administrative and General	117	6,085	193	6,278
	OTHER OPERATED DEPARTMENTS:				
17					0
18	Transportation	79	1,494	0	1,494
19	Health Club	9	257	0	257
20	Retail Operations	19	508	0	508
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	4,290	\$116,350	\$1,669	\$118,019

TRUMP TAJ MAHAL CASINO RESORT ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2006

Line

GROSS REVENUE:	
1.	Table and Other Games..... \$ 188,030,215
2.	Slot Machines 341,202,837
3.	Total Gross Revenue..... <u>529,233,052</u>
4.	Adjustments..... <u>255,476</u>
5.	Taxable Gross Revenue (line 3 plus line 4)..... <u>529,488,528</u>
6.	Tax on Gross Revenue - Reporting Year (8% of line 5)..... <u>42,359,082</u>
7.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years <u>-</u>
8.	Total Taxes on Gross Revenue (the sum of lines 6 and 7)..... <u>42,359,082</u>
9.	Total Deposits Made for Tax on Reporting Year's Gross Revenue..... <u>(42,359,082)</u>
Settlement of Prior Years' Tax on Gross Revenue	
10.	Resulting from Audit or Other Adjustments - (Deposits) Credits <u>-</u>
11.	Gross Revenue Taxes Payable (the net of lines 8, 9 and 10) <u>\$ 0</u>

Under penalties of perjury, I declare that I have examined this Annual Gross Revenue Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 20, 2007
Date


Ford Palmer - Casino Controller

4086-11
Title (License Number)